

Message Text

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ACTION ARA-10

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FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 7868

C O N F I D E N T I A L NASSAU 0288

E.O. 11652: GDS

TAGS: CFED, EFIN, BF

SUBJ: PRIME MINISTER'S SPEECH ON IRS INVESTIGATION

REF: (A) 75 NASSAU 1636 (B) 75 NASSAU 2090

1. BEGIN UNCLASSIFIED PRIME MINISTER PINDLING, IN HIS FEBRUARY 11TH CHICAGO SPEECH TO THE MID-AMERICA COMMITTEE, ANSWERED CHARGES THAT THE BAHAMAS QUOTE ... COURTS ILLEGAL MONEY, ENCOURAGES TAX DODGERS, HARBOURS SECRET NUMBERED BANK ACCOUNTS, HAS REFUSED TO ENTER INTO A TAX TREATY WITH THE UNITED STATES AND HAS REFUSED TO ASSIST THE UNITED STATES IN ITS EFFORTS TO TRACK DOWN TAX DODGERS. END QUOTE. ACCORDING TO GCOB INFORMATION OFFICER THE PM WAS SPECIFICALLY REFERRING TO CHARGES MADE BY CONGRESSMAN VANICK.

2. IN REFUTING CHARGES PM POINTED OUT THAT: WHILE THE USG HAS NEVER APPROACHED GCOB ON QUESTION OF TAX TREATY NOR ASKED APPROPRIATE OFFICIALS FOR ASSISTANCE IN TRACKING DOWN TAX DODGERS IT HAS CONDUCTED QUOTE ... ACTIVITIES WHICH MAY BE ILLEGAL AND WHICH COULD NOT HAVE BEEN CALCULATED TO ENHANCE THE FURTHER GROWTH OF THE GOOD RELATIONS EXTANT BETWEEN OUR RESPECTIVE COUNTRIES. I REFER PARTICULARLY TO THE REPORTED ACTIVITIES IN THE BAHAMAS OF ACTIVITIES INVOLVING BAHAMIAN INDIVIDUALS OR COMPANIES REPORTEDLY PERPETRATED BY "OPERATIONS HAVEN AND TRADEWINDS." SUCH ACTIVITIES WOULD BE DISRUPTIVE OF THE EXCELLENT RECORD OF COOPERATION WHICH THE BAHAMAS WISHES TO MAINTAIN BETWEEN LAW ENFORCEMENT AGENCIES USING CONFIDENTIAL

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CONVENTIONAL AND LAWFUL MEANS OF LAW ENFORCEMENT END QUOTE.

END UNCLASSIFIED.

3. EMBASSY COMMENT: BEGIN CONFIDENTIAL: GCOB FORMALLY REQUESTED INFORMATION CONCERNING IRS ACTIVITIES KNOWN AS OPERATIONS "TRADEWINDS" AND "HAVEN" IN NOTE TO EMBASSY DATED SEPT. 30, 1975, AND REPORTED REFTEL (A). IN A DISCUSSION WITH THE AMBASSADOR ON DECEMBER 12 (REPORTED REFTEL (B)) MINEXT-AFF AND ATTORNEY GENERAL ADDERLEY SAID THAT ONCE CLARIFICATION OF THESE ACTIVITIES WAS RECEIVED AN ARRANGEMENT BETWEEN USG AND GCOB COULD BE MADE FOR DEALING WITH USG REQUESTS FOR INFORMATION. SPECIFICALLY, INFORMATION COULD BE MADE LEGALLY AVAILABLE TO USG WHERE THERE WAS PRIMA FACIE EVIDENCE, THAT A US CITIZEN HELD A SECRET BANK ACCOUNT IN THE BAHAMAS.

4. ACTION REQUESTED: EMBASSY VIEWS PRIME MINISTER'S STATEMENT BOTH AS A PUBLIC REFUTATION OF ALLEGATION THAT BAHAMAS WELCOMES TAX DODGERS AND AS AN INVITATION TO US TO NEGOTIATE ARRANGEMENTS WHEREBY FINANCIAL INFORMATION REQUIRED FOR TAX PURPOSES CAN BE MADE AVAILABLE TO US LEGALLY IN THE FUTURE. WHILE WE APPRECIATE THAT INVESTIGATION INTO IRS ACTIVITIES IN BAHAMAS IS STILL ON-GOING, WE BELIEVE THAT TIME IS PROPITIOUS TO TAKE UP PRIVATE AND PUBLIC GCOB INVITATIONS TO NEGOTIATE SUCH AN ARRANGEMENT. A CLEAR PRECONDITION IS OF COURSE RESPONSE TO GCOB NOTE OF SEPT. 30.

5. RECOMMENDATION:

(A) THAT TREASURY AND JUSTICE BE PRESSED FOR FULL DISCLOSURE OF INFORMATION NECESSARY TO PROVIDE ANSWER TO GCOB NOTE OF SEPT. 30 AND

B) THAT DEPT IN CONCERT WITH TREASURY ADVISE US ON RESPONSE TO BE MADE TO ADDERLEY'S SUGGESTION FOR DEVELOPING AN ARRANGEMENT FOR FUTURE EXCHANGES OF INFORMATION. END CONFIDENTIAL.
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